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HILLCREST ANNOUNCES CONVERTIBLE DEBENTURE FINANCING

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VANCOUVER, BC, January 10, 2025 – Hillcrest Energy Technologies (CSE: HEAT)(FRA: 7HI) (“**Hillcrest**” or the “**Company**”), is pleased to announce its intention to complete a non-brokered private placement (the “**Private Placement**”) of unsecured convertible debentures (each, a “**Debenture**”) and concurrently settle certain debts of the Company in exchange for the issuance of Debentures (the “**Debt Settlement**” and, together with the Private Placement, the “**Offering**”). The Company expects to raise aggregate gross proceeds of up to \$3,000,000 in the Offering and to close the Offering in one or more tranches.

“As part of our commitment to aligning funding strategies with potential investors and funders who support our strategic goals, we are pleased to announce this convertible debenture financing. This offering not only allows the Company to retire some financial liabilities, it also has the potential to provide the immediate resources needed to drive our technology development and commercialization priorities. The debenture structure has been designed with investor interests in mind, and we anticipate participation from those who had committed to the previously canceled private placement. This financing highlights Hillcrest's dedication to advancing our mission of powering a more sustainable future,” stated Don Currie, CEO of Hillcrest Energy Technologies.

The Debentures issued in the Offering will bear interest at a rate of 10% per annum and mature on two years following the date of issuance (the “**Maturity Date**”). The Company may from time to time, in its sole discretion, prepay all or a part of the principal amount and accrued interest without penalty.

The outstanding principal amount owed under a Debenture may be converted into units of the Company (each, a “**Unit**”), each comprised of one common share in the capital of the Company (a “**Common Share**”) and one Common Share purchase warrant exercisable at a price of \$0.12 per Common Share for a period of 36 months from the date of issuance, at a conversion price of \$0.12 per Unit (the “**Conversion Price**”) by the holder thereof at any time on or before the Maturity Date. At maturity, the Company may convert the outstanding principal amount, together with any accrued and unpaid interest thereon, into Units at the Conversion Price;

provided that, if the holder of a Debenture and the Company make different elections at maturity, the election by the party who opted in favour of the largest conversion of the principal amount into Units at the Conversion Price will prevail. The Debentures are also subject to a forced conversion right, whereby the Company may convert the outstanding principal amount and any accrued and unpaid interest thereon into Units at the Conversion Price if the closing price of the Common Shares on the Canadian Securities Exchange is greater than or equal to \$0.36 for a period of ten consecutive trading days and the Company gives notice to holders of the Debentures by way of a news release.

If the Company arranges a distribution of securities (a “**Subsequent Financing**”), other than pursuant to an equity incentive plan, at a price per Common Share, per unit of the Company comprised of a Common Share and Common Share purchase warrant or per security of the Company convertible into Common Shares or units comprised of Common Shares and Common Share purchase warrants, holders of the Debentures will be entitled to settle the outstanding principal amount, and any accrued and unpaid interest thereon, owed under their Debentures by participating in the Subsequent Financing on its terms by using the amounts outstanding under their Debentures. The Company must provide notice to the holders of Debentures of any Subsequent Financing by way of news release.

The Company intends to use the proceeds from the Offering for retirement of existing accounts payable, technology development, general working capital and, where feasible, enhanced marketing and investor relations activities. As noted, some proceeds of the Offering will relate to the settlement of certain current and outstanding debts of the Company and will not form part of the proceeds that will be available to the Company following closing of the Offering.

All securities issued in connection with the Offering will be subject to a statutory hold period of four months and one day following the date of issuance in accordance with applicable Canadian securities laws.

The securities of the Company referred to in this press release have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the securities of the Company may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Hillcrest Energy Technologies Ltd.

Hillcrest Energy Technologies is a clean technology company focused on providing advanced power conversion technologies and digital control systems for next-generation powertrains and grid-connected renewable energy systems. From concept to commercialization, Hillcrest is investing in the development of energy solutions that will power a more sustainable and electrified future. Hillcrest is publicly traded on the CSE under the symbol “HEAT,” on the OTCQB Venture Market as “HLRTF” and on the Frankfurt Exchange as “7HI”. For more

information, please visit: <https://hillcrestenergy.tech/>.

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Cautionary Statement Regarding “Forward-Looking” Information

Some of the statements contained in this news release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as “expects,” “intends,” “is expected,” “potential,” “suggests” or variations of such words or phrases, or statements that certain actions, events or results “may,” “could,” “should,” “would,” “might” or “will” be taken, occur or be achieved. This forward-looking information is provided as of the date of this news release. The forward-looking information reflects our current expectations and assumptions and is subject to a number of known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or expectations expressed or implied by the forward-looking information. No assurance can be given that these assumptions will prove correct. Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond the Company's control. Investors are advised to consider the risk factors under the heading “Risks and Uncertainties” in the Company's MD&A for the year ended Dec. 31, 2023, available at <https://www.sedarplus.ca/> for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking information. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except as may be required by law.